



**JOINT LEGISLATIVE
ECONOMIC OUTLOOK
AND
REVENUE ASSESSMENT COMMITTEE**

COMMITTEE REPORT

FISCAL YEARS 2009 AND 2010

JANUARY 15, 2009



**JOINT LEGISLATIVE
ECONOMIC OUTLOOK AND REVENUE ASSESSMENT COMMITTEE
FISCAL YEARS 2009 AND 2010**

Committee Members

January 15, 2009

*Sen. John Goedde
Co-Chairman*

To the 60th Idaho Legislature, 1st Regular Session:

Sen. Brent Hill

Sen. Robert Geddes

Sen. Shawn Keough

Sen. Steve Bair

Sen. Russ Fulcher

Sen. Jim Hammond

Sen. Nicole LeFavour

Sen. Diane Bilyeu

*Rep. Cliff Bayer
Co-Chairman*

Rep. Scott Bedke

Rep. Dennis Lake

Rep. Ken Roberts

Rep. Janice McGeachin

Rep. Frank Henderson

Rep. Steve Kren

Rep. George Saylor

Rep. Bill Killen

Legislative Staff

*Ray Houston
Budget & Policy Analyst
(208) 334-4741
rhouston@lso.idaho.gov*

We have completed making our overall assessment of Governor Otter's General Fund revenue projections for the fiscal years ended June 30, 2009, 2010, and 2011. Idaho's Constitution, Article VII, Section 11 requires balancing the state's appropriations and expenditures with its revenues. Accordingly, it is this Committee's role and mission to provide advice to you about the reasonableness of such revenue projections. The Committee reviewed and analyzed business, tax and financial data and trends relating to the state's economy and obtained testimony from economic, business and industry experts regarding those aspects of the state's economy and revenues of which they have knowledge.

Governor Otter's General Fund revenue projections for FY 2009, FY 2010, and FY 2011 compared to the Committee's median projections are as follows in millions of dollars:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Governor Otter's projections	\$ 2,633.8	\$ 2,659.3	\$ 2,780.0
Committee's median projections	\$ 2,615.4	\$ 2,557.9	\$ 2,619.0
Amount and percent over/(under) Gov. projection	(\$18.4) (0.7%)	(\$101.4) (3.8%)	(\$161.0) (5.8%)

Attachments 1 and 2 provide the detail for all eighteen committee members and three of the presenters.

We recommend to the Senate and House Leadership, and to the Co-chairs of the Joint Finance-Appropriations Committee the following: In our opinion, Governor Otter's General Fund revenue projection of \$2.6338 billion is reasonable for the purpose of the legislature making General Fund appropriations for FY 2009. However, because the committee forecasts for FY 2010 and FY 2011 are significantly lower than the Governor's projections, we recommend the legislature use the committee median of \$2.5579 billion for the purpose of making General Fund appropriations for FY 2010.

Attachment 3 provides a historical comparison of projections and actual collections.

On-line Information

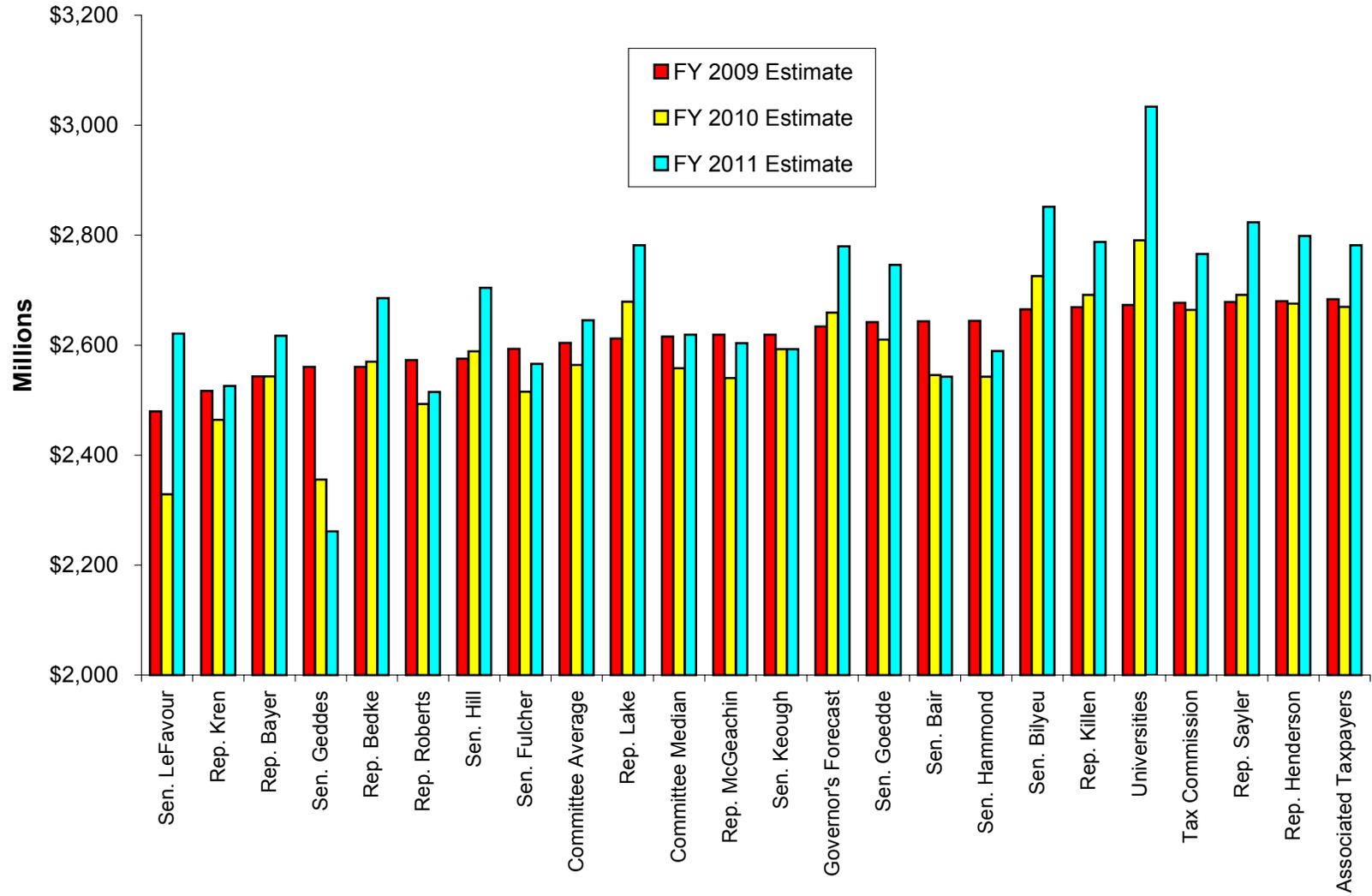
www.legislature.idaho.gov

Respectfully,

Representative Cliff Bayer

Senator John Goedde

**2009 Joint Legislative
Economic Outlook and Revenue Assessment Committee
General Fund Revenue Projections**



**2009 Joint Legislative
Economic Outlook and Revenue Assessment Committee
General Fund Revenue Projections**

FY 2008 Revenues \$2,909.8 Millions of Dollars

Participant	Rank	FY 2009	FY 08-09	Rank	FY 2010	FY 09-10	Rank	FY 2011	FY 10-11	Rank	Three-year
	#1	Estimate	Change	#2	Estimate	Change	#3	Estimate	Change	#4	Estimate
Sen. LeFavour	1	\$2,479.5	(14.8%)	1	\$2,328.7	(6.1%)	11	\$2,621.0	12.6%	2	\$7,429.2
Rep. Kren	2	\$2,517.0	(13.5%)	3	\$2,464.1	(2.1%)	3	\$2,525.7	2.5%	3	\$7,506.8
Rep. Bayer	3	\$2,543.2	(12.6%)	8	\$2,543.2	0.0%	9	\$2,617.0	2.9%	6	\$7,703.4
Sen. Geddes	4	\$2,560.7	(12.0%)	2	\$2,355.8	(8.0%)	1	\$2,261.6	(4.0%)	1	\$7,178.0
Rep. Bedke	5	\$2,560.7	(12.0%)	12	\$2,570.0	0.4%	13	\$2,685.6	4.5%	13	\$7,816.3
Rep. Roberts	6	\$2,573.0	(11.6%)	4	\$2,493.0	(3.1%)	2	\$2,515.0	0.9%	4	\$7,581.0
Sen. Hill	7	\$2,575.6	(11.5%)	13	\$2,589.0	0.5%	14	\$2,704.4	4.5%	14	\$7,869.0
Sen. Fulcher	8	\$2,593.4	(10.9%)	5	\$2,515.6	(3.0%)	5	\$2,565.9	2.0%	5	\$7,674.8
Committee Average	9	\$2,604.2	(10.5%)	11	\$2,564.1	(1.5%)	12	\$2,645.2	3.2%	12	\$7,813.6
Rep. Lake	10	\$2,612.0	(10.2%)	20	\$2,679.0	2.6%	19	\$2,782.0	3.8%	16	\$8,073.0
* Committee Median	11	\$2,615.4	(10.1%)	10	\$2,557.9	(2.2%)	10	\$2,619.0	2.4%	10	\$7,792.3
Rep. McGeachin	12	\$2,618.9	(10.0%)	6	\$2,540.3	(3.0%)	8	\$2,603.8	2.5%	8	\$7,762.9
Sen. Keough	13	\$2,619.0	(10.0%)	14	\$2,592.8	(1.0%)	7	\$2,592.8	0.0%	11	\$7,804.6
Governor's Forecast	14	\$2,633.8	(9.5%)	16	\$2,659.3	1.0%	17	\$2,780.0	4.5%	17	\$8,073.1
Sen. Goedde	15	\$2,642.1	(9.2%)	15	\$2,610.4	(1.2%)	15	\$2,746.1	5.2%	15	\$7,998.6
Sen. Bair	16	\$2,643.5	(9.2%)	9	\$2,545.7	(3.7%)	4	\$2,542.7	(0.1%)	7	\$7,731.9
Sen. Hammond	17	\$2,644.6	(9.1%)	7	\$2,542.9	(3.8%)	6	\$2,589.1	1.8%	9	\$7,776.6
Sen. Bilyeu	18	\$2,665.1	(8.4%)	23	\$2,725.6	2.3%	23	\$2,851.8	4.6%	23	\$8,242.5
Rep. Killen	19	\$2,669.1	(8.3%)	21	\$2,691.3	0.8%	20	\$2,787.6	3.6%	20	\$8,148.0
Universities	20	\$2,673.0	(8.1%)	24	\$2,790.7	4.4%	24	\$3,033.7	8.7%	24	\$8,497.4
Tax Commission	21	\$2,677.1	(8.0%)	17	\$2,664.2	(0.5%)	16	\$2,766.1	3.8%	18	\$8,107.4
Rep. Sayler	22	\$2,678.6	(7.9%)	22	\$2,691.4	0.5%	22	\$2,823.6	4.9%	22	\$8,193.6
Rep. Henderson	23	\$2,680.0	(7.9%)	19	\$2,675.5	(0.2%)	21	\$2,798.6	4.6%	21	\$8,154.1
Associated Taxpayers	24	\$2,683.7	(7.8%)	18	\$2,669.5	(0.5%)	18	\$2,781.7	4.2%	19	\$8,134.9
Range of Participants		\$204.2			\$462.0			\$772.1			\$1,319.4

Sorted by FY 2009 Estimate
Pessimistic to Optimistic

* The Committee Median is the average of the ninth and tenth committee members' estimates in the ordered set of eighteen members.

Diff. Com. Median from Governor	(\$18.4)	(\$101.4)	(\$161.0)
Percent Diff. from Gov Forecast	(0.7%)	(3.8%)	(5.8%)

History of General Fund Revenue Projections Compared to Actual Collections

as Percent of Actual Collections

Session	Fiscal Year	Projection	Assoc. Taxpayers	Tax Commission	Universities	Committee Median	Committee Average	Gov's Forecast
1999	FY 2000	Original	(8.5%)		(6.7%)	(8.8%)	(8.9%)	(8.9%)
2000	FY 2000	Revised	(4.9%)		(5.7%)	(5.9%)	(6.1%)	(6.4%)
2000	FY 2001	Original	(7.9%)		(10.1%)	(10.3%)	(10.3%)	(11.2%)
2001	FY 2001	Revised	(0.6%)	1.6%	(2.2%)	0.7%	0.7%	0.8%
2001	FY 2002	Original	13.1%	11.2%	13.9%	13.3%	14.2%	12.4%
2002	FY 2002	Revised	5.8%	5.8%	6.5%	5.8%	5.5%	5.8%
2002	FY 2003	Original	8.1%	7.6%	9.3%	6.8%	7.0%	9.2%
2003	FY 2003	Revised	0.7%		0.7%	0.5%	0.8%	0.9%
2003	FY 2004	Original	(3.5%)		(3.0%)	(3.7%)	(3.2%)	(3.5%)
2004	FY 2004	Revised	(1.6%)	(1.6%)	(2.3%)	(1.7%)	(2.4%)	(1.1%)
2004	FY 2005	Original	(9.6%)	(9.6%)	(7.8%)	(9.3%)	(9.5%)	(8.1%)
2005	FY 2005	Revised	(4.4%)	(4.5%)	(5.2%)	(4.8%)	(4.7%)	(4.9%)
2005	FY 2006	Original	(13.1%)	(14.0%)	(14.1%)	(14.2%)	(14.1%)	(14.3%)
2006	FY 2006	Revised	(6.5%)	(6.6%)	(6.7%)	(6.5%)	(6.3%)	(8.3%)
2006	FY 2007	Original	(9.3%)	(9.7%)	(9.4%)	(9.3%)	(9.3%)	(12.0%)
2007	FY 2007	Revised	(4.2%)	(3.7%)	(1.7%)	(5.0%)	(4.7%)	(3.8%)
2007	FY 2008	Original	0.3%	0.1%	3.6%	(3.8%)	(3.1%)	(3.7%)
2008	FY 2008	Revised	1.2%	1.1%	2.3%	0.5%*	0.3%	0.1%
Average Original			(3.4%)	(2.4%)	(2.7%)	(4.3%)	(4.1%)	(4.5%)
Standard Deviation Original			8.9%	10.3%	9.5%	8.9%	9.2%	9.4%
Average Revised			(1.6%)	(1.1%)	(1.6%)	(1.8%)**	(1.9%)	(1.9%)
Standard Deviation Revised			3.8%	4.3%	4.2%	4.1%	4.0%	4.4%

Adjusted for law changes and differences expressed as percent of actual collections.

* The Committee Median FY 2008 revised projection was .5% or \$14.5 million above actual collections.

This is calculated as follows: \$2,924.1(committee median)+.2(law changes)-2,909.8(actual collections)=\$14.5 million

** The Committee Median January revised projection over the last nine years averaged 1.8% below actual collections plus or minus 4.1% at one standard deviation (68% confidence).

For the FY 2008 January revised estimate, one standard deviation was about \$119 million.

This is calculated at 4.1% of the FY 2008 actual collections of \$2,909.8 million.

For the FY 2008 original estimate, one standard deviation was about \$260 million.